

by 2.2.40

NEW SOUTH WALES.

BUSINESS STATISTICS - WEEKLY NOTES.

30th April, 1940.

This Week's Notes include:-

PART I SEASON: Mostly favourable.

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS: Export prices steady. British Budget proposals. Proposed U.K. purchase of American ships.

WOOL: Appraisements in Sydney to Apr. 19 - Record season's clearances. South African sales. Increased use of staple fibre.

WHEAT: Northern Hemisphere prospects unfavourable. Oversea markets ease slightly. Local market steady. Progress of Australian shipments - Average price to date for 1939-40 disposals.

BUTTER: Local sales quota, May, 1940. N.S.W. production declining.

METALS: Firm markets in London for tin and silver.

PART II INTERNATIONAL CURRENCY RELATIONS: Sterling steadier on New York open market.

PART IV EMPLOYMENT AND UNEMPLOYMENT, N.S.W.

Number in Employment.)
Proportion Unemployed.) mid-March, 1940.

NOTE: There is no Part III this week.

PART I. PRIMARY AND EXPORT INDUSTRIES.

SEASON: Heavy rain at the week-end was confined to a narrow coastal strip but there were substantial showers in inland areas during the past week. Seasonal prospects are mostly favourable.

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS: The level of Australian export prices is subject to little change owing to the contracts made with the British Government covering disposal of exportable surpluses of major primary products other than wheat of which a substantial quantity is yet to be sold. However, wheat values are higher and disposal prospects better than they were early in the season. In Australian currency the index number (Commonwealth Bank) of Australian export prices is 81.4 (average 1927 = 100) compared with 63.4 a year ago and the average of 66.5 for the year ended June, 1939.

Arrangements are in hand to discuss terms of contracts for sales of primary produce to the British Government in 1940-41.

The British Budget for the year ending 31st March, 1940 presented on April 23 envisages an expenditure of £stg. 2,667 million, of which rather less than one-half will be provided from revenue. An innovation is the Purchase Tax - very like the Australian Sales Tax; this, with limitation of war-time dividends, is the principal means to be used to reduce consumption and to restrain inflationary tendencies. The Purchase Tax will not apply to foodstuffs or fuel, but will affect lower income ranges in respect of wearing apparel. Mr. J.M. Keynes' plan of compulsory saving and deferred payments was rejected.

Extension of the war to Norway has resulted in the curtailment of supplies of paper in the United Kingdom. Shortages of material for artificial fibres are also thought likely.

Apparently shipping resources will not be augmented, though costs may be lower, because of the changed status of Danish and Norwegian vessels. It is reported that the United States Congress may authorise the sale to Britain of about a million tons of laid-up American merchantmen.

WOOL: For the fifteenth successive season the turnover of wool on the Sydney market has exceeded a million bales. The quantity of wool appraised and sold in Sydney to the end of the main appraisements on April 19, 1940 was 1,303,484 bales. This exceeds the quantity sold in the corresponding period of 1938-39 by 255,777 bales. Already the clearances exceed those of the whole of any preceding season.

Fellmongered wool will be valued in Sydney next month and clearing-up appraisements will be made in June.

The average price (11.75d. stg. a lb., greasy) realised for the sale of 634,000 bales in South Africa is slightly higher than the contract price for the Australian clip. Profits on re-sale of Australian wool outside the United Kingdom cannot be estimated, so that comparison with South African returns is not yet practicable.

From London it is reported that "decisive steps are being taken to speed up the wool trade export drive on an unprecedented scale".

The International Wool Secretariat is concerned at the rapid expansion in production of substitute fibres, and a great increase in the United Kingdom as well as in other countries in the use of staple fibre in woollen goods. Staple fibre production doubled in Britain in 1939.

The spurt in the first few months of the war in the woollen textile trade in the United States has not been maintained. Wool futures in New York are steady at levels appreciably below those of January last,

/and the.....

PART I. (Continued.)

and the domestic clip (an average one of 442 million lb.) has met a quiet market.

The agreed price for purchase by the British Government of the Australian 1939-40 clip (13.4375d. Aust. per lb., greasy) is 3.6d. per lb. higher than the average market price of a year ago and 30 per cent. above the average for 1938-39.

Wool prices compare as under:-

AVERAGE PRICE OF GREASY WOOL IN SYDNEY.

	<u>Seasons ended June.</u>					<u>At April 26.</u>	
	<u>1926-</u> <u>29</u>	<u>1931-</u> <u>33</u>	<u>1936-</u> <u>38</u>	<u>1938.</u>	<u>1939.</u>	<u>1939</u>	<u>1940 (a)</u>
Pence (Aust.) per lb.	17.2	8.5	14.3	12.7	10.3	9.8	13.4

(a) Agreed price under British purchase; subject to addition of one-half profit on re-sale of raw wool outside the United Kingdom.

WHEAT: Latest overseas reports are that American crop prospects are still poor and in Europe the 1940 harvest is thought likely to be from 10 to 20 per cent. below that of 1939. Last week futures quotations eased 2 or 3 cents a bushel in Chicago and Winnipeg. Canadian wheat was a little cheaper in London but Australian rose 3d. per quarter to 27s. 9d. f.o.b., London per quarter.

In the local market a good deal of wheat was bought for export flour last week. The Board's prices were 4s. 3d. for bagged wheat for export and 4s. for silo wheat for local flour and small export orders, per bushel, f.o.b., Sydney. For bulk wheat the price is about 1s. 6d. a bushel higher than a year ago.

In co-operation with the Jute Advisory Committee the Wheat Board is arranging for the supply of all sacks, new and second-hand, required for the 1940-41 crop.

The Board has revealed that shipping has been arranged for 835,000 tons of wheat and that probably the entire 1,500,000 tons under the British contract will be shipped by the end of the year. Average realisations to date equal 3s. 7.28d. a bushel, f.o.b., bulk basis, exclusive of the recent Japanese sale and the second half of the British purchase, for which the price is yet to be fixed.

The price of flour (including tax) was unchanged at £12 10s. per ton.

The course of wheat prices was as follows:-

/PRICES.....

PART I. (Continued.)

PRICES OF BULK WHEAT - NEW SOUTH WALES.

BULK WHEAT.

		<u>Ex Trucks</u>		<u>Equiv., Ex</u>	
		<u>Sydney.</u>		<u>Farm, Country</u>	
				<u>Siding (a)</u>	
		s. d.		per bushel.	
Average -	Seasons 1930-31 to 1934-35	2	9½	2	2½
-	Season 1936-37	5	3	4	8
-	" 1938-39	2	5	1	9½
-	March, 1939	2	4	1	8½
-	" 1940	3	9½(b)	(c)	
	April 27, 1940	4	0(b)	(c)	

- (a) Excluding bounty. (b) Prices for sale for local consumption.
(c) The first advance gave farmers about 2s. 1d. (net) a bushel. This may be increased considerably if the unsold wheat is sold satisfactorily.

BUTTER: In New South Wales butter production is low for the time of the year and declining seasonally. It is reported that stocks are low and some butter is being imported from other States.

Mainly because of the heavy output of Queensland factories and satisfactory production in Victoria the quota for local sales within the State in May, 1940 has been fixed at 50 per cent. of the butter made, allowing a greater proportion for export than in May of any year since 1935. Quotas were:-

PROPORTION OF BUTTER MADE PERMITTED TO BE SOLD WITHIN AUSTRALIA.

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>
Month of May	45%	47%	69%	66%	72%	57%	50%

The price of butter sold locally (wholesale) is unchanged at 158s. 8d. per cwt.

Under the contract for sale of butter to the United Kingdom the price is 137s. 2d. (Aust.) per cwt., f.o.b., Australian port. This is 12s. (Aust.) per cwt. above the export parity of the price in London at the end of April, 1939 and 14s. (Aust.) per cwt. above the average return in 1938-39.

PRICE OF BUTTER - EXPORT AND LOCAL.

<u>Average - Seasons ended June.</u>				<u>At April 25</u>		
<u>1929-</u>	<u>1933-</u>	<u>1937-</u>	<u>1939.</u>	<u>1939</u>	<u>1940</u>	
<u>32</u>	<u>36</u>	<u>39</u>				
Shillings (Australian) per cwt.						
Export Parity	135	88	122	123	125	137(a)
Local Sales	173	134	150	159	159	159

(a) Agreed price for British purchase, 1939-40.

METALS: In London the price of tin on the open market rose to £255 10s. (buyers) per ton on Friday last. This was the highest quotation since March 12, 1940. The market has firmed throughout April as visible

/supplies.....

PART II. INTERNATIONAL CURRENCY RELATIONS.

	Price of Gold. (London)	Rate of Exchange.			
		London on New York	London on Paris.	New York on London.	New York on Paris.
	Per oz. fine	£ to £stg.	Fr. to £stg.	£ to £stg.	£ to Fr.100.
	£. s. d.	(Pegged from Sept.1939)		(Open Market).	
Average-1937	7 0 9	4.94	124.6	4.94	4.04
" -1938	7 2 6	4.89	170.6	4.89	2.88
Av. July, 1939	7 8 6	4.68	176.7	4.68	2.65
" Aug., "	7 10 6	4.61	176.4	4.61	2.62
" Feb., 1940	8 8 0	4.03	176.6	3.96	2.25
" Mar., "	8 8 0	4.03	176.6	3.75	2.13
March 2, 1940	8 8 0	4.03	176.6	3.93	2.23
" 30, "	8 8 0	4.03	176.6	3.53	2.00
April 6, "	8 8 0	4.03	176.6	3.58	2.03
" 20, "	8 8 0	4.03	176.6	3.53	2.00
" 27, "	8 8 0	4.03	176.6	3.51	1.99

The substantial disparity between the official rate of exchange in London and open market quotations in New York has continued. Open market quotations have steadied during the past fortnight, but sellers of sterling in New York were obliged to accept \$3.50 to \$3.53 to £stg. during last week, compared with the exchange rate of \$4.03 available to those whose transactions were of a type recognised by the British exchange control authorities.

Changes of the sterling-dollar rate in the free market may reflect in some measure the course of opinion regarding the stability of value of British currency, but the market is so narrow that only the widest of fluctuations might be interpreted in this way. As exchange is provided at the official rate for all ordinary day to day business dealings, American suppliers of war materials, foodstuffs, etc. to the United Kingdom are unaffected by the behaviour of sterling in the open market.

/PART IV.....

PART IV INDUSTRIES.

EMPLOYMENT AND UNEMPLOYMENT. In the middle week of March, 1940 there were 865,691 persons in employment in New South Wales. Except for the seasonal peak of December last, this was the greatest number ever recorded. The rapid growth of the war months continued with an increase of 6,282 in Feb.-Mar., making a total increase in persons employed of 33,885 since August, 1939. There was a decrease of 443 in the corresponding period of 1938-39 and an increase of 26,384 in Aug.-Mar., 1937-38.

Persons Employed (ex Relief Workers) in New South Wales.

	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Increase</u> <u>Aug-Mar</u>
	Thousands.								
1938-39	834.6	840.5	837.4	841.4	859.7	820.4	833.6	834.1	- 0.44
1939-40	<u>831.8</u>	<u>838.4</u>	<u>850.0</u>	<u>856.9</u>	<u>875.5</u>	<u>851.4</u>	<u>859.4</u>	<u>865.7</u>	33.88
Increase	- 2.8	- 2.1	12.6	15.5	15.8	31.0	25.8	31.6	

The increase has taken place mainly in private employment. Employment has increased rapidly in factories to a record level (see W.N. 23.4.40); there has been a significant increase in non-manufacturing industries, and a relatively small increase in public (Government, local government, Water Boards, etc.) employment:-

INCREASE IN PERSONS IN EMPLOYMENT IN NEW SOUTH WALES.

	In Twelve Months ended March.				In Seven Months ended March.			
	In Private Empl'mt.	In Public Empl'mt.	In All Empl'mt.	In All Factories	In Private Empl'mt.	In Public Empl'mt.	In All Empl'mt.	In All Factories
	Increase in number of persons employed				- Thousands.			
1937	37.37	11.02	48.39	16.80	26.83	8.83	35.66	13.40
1938	41.44	10.37	51.81	14.80	24.48	1.91	26.38	9.90
1939	- 2.15	1.14	- 1.00	1.60	- 1.80	1.36	- .44	1.80
1940	29.19	2.37	31.56	10.50	31.98	1.90	33.88	16.60

- Denotes decrease.

There were seasonal decreases in employment in wholesale and retail trade over the month ended mid-March, otherwise employment increased or was maintained in practically all principal industrial groups.

In comparison with March, 1939 employment was greater in almost all industries except in building and contracting. The following statement gives particulars of the number of persons in employment in certain groups and shows the movements over the twelve and seven months ended March of this and the preceding year:-

PART IV - (Continued)

EMPLOYMENT IN NEW SOUTH WALES.

(Excluding Relief Workers and Men in the Armed Forces
not on Civil Paysheets.)

Group.	Number of Persons Employed in Middle week of -					Increase in year ended March.		Increase in 7 months ended Mar.	
	Mar., 1937.	Mar., 1938.	Mar., 1939.	Aug., 1939.	Mar., 1940.	1939.	1940.	1939.	1940.
	000	000	000	000	000	%	%	%	%
All Employment	783.3	835.2	834.1	831.8	865.7	- 0.1	3.8	- 0.1	4.1
Private "	643.8	685.2	683.1	680.3	712.3	- 0.3	4.3	- 0.2	4.7
All Factories	214.4	228.8	230.8	224.7	241.3	0.9	4.5	0.8	7.4
Farms With Ten or more Employees:									
Mines	18.5	21.2	21.3	21.7	21.0	0.7	- 1.4	1.4	- 3.2
Retail Trade	48.9	50.7	51.3	51.3	52.1	1.2	1.6	-	1.6
Wholesale Trade	24.1	25.3	25.7	25.4	26.0	1.6	1.2	1.6	2.4
Offices, Commerce	25.1	26.0	27.6	27.1	29.3	6.2	6.2	4.9	8.1
Shipping, Rd. Transp.	20.1	21.7	21.0	20.7	22.2	- 3.2	5.7	7.7	7.2
Personal Services (a)	24.8	28.5	29.2	30.1	30.9	2.5	5.8	1.7	2.7
Other Industries	19.1	20.8	19.2	18.5	18.3	- 7.7	- 4.7	- 11.5	- 1.1

(a) Professional, Hospitals, Religion, Amusements, Hotels, etc.

(-) Denotes decrease.

The tabulation includes employees in collieries who were at work prior to the stoppage on March 11, 1940. Because of depletion of coal stocks certain industries, particularly the heavy industries, have curtailed operations since the above figures were compiled for March, 1940.

In the middle week of March, 1940 the proportion of unemployment (counting relief workers as unemployed) was 5.1 per cent. compared with 6.8 per cent. in March, 1939. During the war period the increase in employment has outstripped the natural increase in employables, so that about one of every three persons unemployed in August, 1939 had found employment by March, 1940. Over the corresponding period of 1938-39 the proportion of unemployment rose from 5.8 to 6.8 per cent.

Indexes of Employment and Unemployment - New South Wales.

Middle Week of Month.	Proportion of All who are Dependent on and Available for Employment.			
	(a) Including full-time equivalent of part-time relief workers as employed.		(b) Excluding part-time relief workers from employment.	
	Employed.	Unemployed.	Employed.	Unemployed.
	Per cent.		Per cent.	
1934 - March	79.5	20.5	77.1	22.9
1937 - "	92.2	7.8	90.8	9.2
1938 - "	96.0	4.0	94.9	5.1
1939 - February	94.4	5.6	93.3	6.7
- March	94.2	5.8	93.2	6.8
1940 - February	95.1	4.9	94.4	5.6
- March	95.6	4.4	94.9	5.1